

## **FISCAL NOTE**

### **HB 3686 - SB 3755**

March 14, 2006

**SUMMARY OF BILL:** Establishes the "Fair Share Health Care Fund" which is a special agency account within the state general fund to assist in the financing of health coverage for uninsured workers and may be used to support the operations of TennCare and to help uninsured workers and their dependents obtain health care coverage through another state program.

#### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Should the 311 for-profit employers that the bill applies to currently pay less than 8% of gross payroll towards health care expenditures and comply with the requirements of the bill, there would be an increase to state revenues earmarked to the Fair Share Health Care Fund ranging from \$15,800,000 to \$1,051,000,000. Should the 24 nonprofit employers that the bill applies to currently pay less than 6% of gross payroll towards health care expenditures and comply with the requirements of the bill, there would be an increase to state revenues earmarked to the Fair Share Health Care Fund ranging from \$3,400,000 to \$170,000,000. Should none of the employers comply with the requirements of the bill, it will result in an increase in state revenues to the fund which exceeds \$16,750,000 due to the payment of a \$50,000 civil penalty imposed on each employer.**

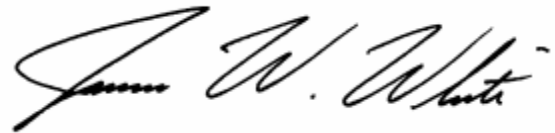
#### Assumptions:

- For-profit employers with 1,000 or more employees that do not pay at least 8% of the gross payroll on health care expenditures will pay an amount equal to the difference between what is paid and 8% of total wages. Nonprofit employers with 1,000 or more employees that do not pay at least 6% of the gross payroll on health care expenditures will pay an amount equal to the difference between what is paid and 6% of total wages.
- In 2005, there were 311 for-profit employers and 24 nonprofit employers in the state that met the criteria of the bill and had a total payroll of \$15,000,000,000 (for-profits) and \$3,400,000,000 (nonprofits).

- If for-profit employers are currently paying 7.9% of payroll towards health care expenditures, the estimated total owed to the fund would be \$1,200,000,000. If the employers are paying 1% of payroll towards health care expenditures, the estimated total owed to the fund is \$1,051,000,000.
- If the 24 nonprofit employers are currently paying 5.9% of payroll towards health care expenditures, the estimated total owed to the fund would be \$3,400,000. If the employers are paying 1% of payroll towards health care expenditures, the estimated total owed to the fund is \$170,000,000.
- 335 companies paying a fine of \$50,000 each will increase revenues to the Fair Share Health Care Fund by \$16,750,000.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director